

**STATE OF CALIFORNIA  
DEPARTMENT OF INSURANCE  
45 Fremont Street, 21<sup>st</sup> Floor  
San Francisco, California 94105**

**RH03028329**

**September 3, 2004**

**PROPOSED PLAN OF OPERATIONS TEXT<sup>1</sup>**

**CALIFORNIA LOW COST AUTOMOBILE INSURANCE PROGRAM**

*Amend Introduction to read as follows:*

**INTRODUCTION**

[Introductory text describing the content of The Plan of Operations and obligations of users of the Plan remains unchanged]

**HOW TO SUBMIT AN APPLICATION TO THE CALIFORNIA LOW COST  
AUTOMOBILE INSURANCE PROGRAM**

**HOW, WHEN, AND WHERE**

[The first and second paragraphs remain unchanged.]

*Amend the third paragraph as follows:*

Incomplete applications or requests for changes in the policy that are not readily identifiable to the assigned insurer only delay the processing of Program assignments and endorsements. An original current LCA application form or the original application produced by the Electronic Application Submission Interface (EASi) must be used for each submission. Copies and facsimiles are not acceptable. Before mailing each submission to the Plan Office, please review the application to ensure that you have provided the assigned insurer or Plan with all the information necessary for issuance of the policy or completion of the transaction.

**HOW TO APPLY TO THE PROGRAM**

*Amend this section as follows:*

Producers completing applications should refer to the LCA Plan.

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<sup>1</sup> The proposed changes amend the California Low Cost Automobile Insurance Program Plan of Operations approved by the Commissioner.

The producer should advise the applicant that the policy is being issued as part of the California Low Cost Automobile Insurance Program. The disclosure section of the application must contain the signature of the applicant and the time and date of completion.

In completing the application, the producer must be certain that

- the application is completed in the name of the individual requesting coverage;
- the application is signed and dated, and the time so indicated by the applicant and the producer of record;
- the application contains the requested effective date of coverage. If using the CAARP Electronic Effective Date Procedure (EEDP), the producer of record and applicant must certify the date and time of coverage. The EEDP reference number must appear on the application in the designated area; . If using EASi, the producer of record and applicant must certify the date and time of coverage;
- all applicable questions are answered fully. Blank or incomplete answers may necessitate that the Plan return the application to you before assignment can be made. For specific minimum application requirements, refer to Section 23;
- any and all attachments pertinent to the application are attached;
- the deposit accompanying the application is correctly drafted and is correct for the method of payment chosen in accordance with the payment option selected from Section 26 of the LCA Plan;
- the applicant has read and signed the application and concurs that all answers are correct and complete;
- the original application form or the original application produced by EASi is mailed to the California Automobile Assigned Risk Plan. The effective date and time of coverage may be established by telephone using the CAARP ~~Electronic Effective Date Procedure~~ EEDP. The effective date and time of coverage may be established electronically by transmitting the application using EASi. If application is made without using ~~the Electronic Effective Date Procedure~~ EEDP or EASi, coverage shall be effective on the date following receipt of the application in the Plan Office;
- the name, address, tax identification number, license number, and telephone number of the producer of record are included.

Specific questions on the California Low Cost Automobile Insurance Program Plan, or any portion thereof, should be directed to the California Automobile Assigned Risk Plan at P.O. Box 7917, San Francisco, CA 94120-7917, by telephone at (800) 622-0954, or by e-mail at [caarp@aipso.com](mailto:caarp@aipso.com).

[WHAT TO SEND TO THE PLAN remains unchanged.]

[HOW TO APPLY FOR CHANGES IN THE POLICY remains unchanged.]

[PRODUCER RESPONSIBILITY remains unchanged.]

*Retitle and amend as follows:*

**PURCHASES OF FORMS, PLAN, ETC. AVAILABILITY OF APPLICATIONS, FORMS, AND MANUALS**

Application forms to be used when applying to the California Automobile Assigned Risk Plan are available at no charge from AIPSO—Mail Order Management Department by calling (401) 942-9799. The following materials are available at no charge.

- LCA Application (Form AIP 126E (7/00)) (NOTE: The application form for hard copy or online use is the same.)
- Privacy Waiver Form (Form AIP 128 (3/00))
- Policy Change Request – Certification Form (Form AIP 127 (3/00))
- Electronic Effective Date Procedure Retraction Request (referenced in Title 10, California Code of Regulations, Section 2431.2 as the form shown in Appendix B)
- Insurer Complaint Form (Form AIP 1255 REV 4/96), a copy of which is incorporated herein by reference
- Electronic Effective Date Procedure Pamphlet (AIP 101 Rev. 1/99), a copy of which is incorporated herein by reference

All applications, forms, and manuals can also be downloaded from the AIPSO website at [www.aipso.com/ca/lowcost](http://www.aipso.com/ca/lowcost).

The California Low Cost Automobile Insurance Program Plan is available with the purchase of a California Automobile Assigned Risk Plan Manual from AIPSO—Mail Order Management Department by calling (401) 942-9799. The following manuals are available for purchase at cost from AIPSO—Mail Order Management Department:

- California Automobile Assigned Risk Plan Manual of Rules and Rates, which includes LCA rates
- Portfolio of Endorsements and Forms

*Amend Section 1 as follows:*

## **Section 1. DEFINITIONS**

*Amend the following definitions:*

**“Application”** means the current California Low Cost Automobile Insurance Program form AIP 126E (7/2000), including the electronic application form produced by the Electronic Application Submission Interface, which all applicants must complete, a copy of which is incorporated herein by reference.

**“Postmark”** means the postmark applied by the United States Postal Service and does not include ~~the postmark from~~ a metered mail postmark, or computer generated electronic stamp.

*Add the following definition:*

**“Electronic Application Submission Interface (EASi)”** means the Program procedure whereby CAARP certified producers may establish the date and time of coverage for LCA risks by completion of an online application form and its electronic transmittal to the Plan Office.

*Amend Section 20 as follows:*

## **Section 20. PERFORMANCE STANDARDS FOR PRODUCERS WRITING CALIFORNIA LOW COST AUTOMOBILE INSURANCE PROGRAM RISKS**

[Sections A and B remain unchanged.]

*Amend Section C as follows:]*

### **C. Maintenance of Records**

Appropriate records of all telephone calls placed under ~~the Electronic Effective Date Procedure EEDP~~ and all electronic applications transmitted under EASi shall be maintained by the producer of record. Such records shall include a log recording all of the following information:

1. The name of the applicant requesting coverage
2. The EEDP or Easi binding reference number
3. The EEDP or EASi binding effective date.
4. The time of the binding telephone call for EEDP
5. The time of transmittal of the completed electronic application for EASi

5. 6. The date of mailing of the original signed paper application to the Plan
6. 7. The signing producer's name

*Amend Section 23 to read as follows:*

**Section 23. APPLICATION REQUIREMENTS**

*The first paragraph is amended as follows:*

Any applicant desiring insurance coverage through this Program shall submit a completed original application form or the original application produced by EASi and the full annual premium or deposit as prescribed in Section 26. The application shall not be a reproduction or a computer produced form other than an original paper application generated by EASi with the original signatures.

[The remainder of the section remains unchanged.]

*Amend Section 28 to read as follows:*

**Section 28. APPLICATION FOR ASSIGNMENT, DESIGNATION OF INSURER, EVIDENCE OF INSURANCE, AND EFFECTIVE DATE OF COVERAGE**

[Subsections A and B remain unchanged.]

*Amend subsection C as follows:*

**C. Effective Date of Coverage**

For the purposes of Section 28, the postmark which is to be recognized by the Plan Office shall be the postmark of the United States Postal Service. A ~~meter stamp~~ metered mail postmark, or computer generated electronic stamp shall not be considered a postmark of the United States Postal Service for the purposes of effecting coverage.

The Plan shall provide for effective dates of coverage consistent with all of the following:

1. In no event shall coverage be effective prior to the date and time of completion, signing, and dating of the application forms.
2. ~~When the applicant requires that coverage be effective immediately, the effective date and time shall be established using an Electronic Effective Date Procedure established by the Plan. The Plan shall establish a future effective date using the Electronic Effective Date Procedure. The future effective date option shall be available upon request by an applicant. An applicant may request a future effective date of 15 days or less from the date of application completion.~~

## Electronic Effective Date Procedure (EEDP)

- a. When the applicant requires that coverage be effective immediately, the effective date and time shall be established by telephone by using EEDP.

The Manager shall establish and maintain a toll-free telephone number as part of the ~~Electronic Effective Date Procedure~~ EEDP. The Manager shall maintain sufficient capacity to service, in a timely manner, applications received by means of the ~~Electronic Effective Date Procedure~~ EEDP.

~~The Electronic Effective Date Procedure~~ EEDP shall be available only to producers who are certified by the CAARP Plan.

- b. Immediate Coverage

3. Coverage for vehicles shall become effective at the date and time the application is transmitted by telephone through CAARP's ~~Electronic Effective Date Procedure~~ EEDP ~~if and only if provided~~ all of the following requirements are met:

~~a.~~ (1) The producer shall access the CAARP ~~Electronic Effective Date Procedure~~ EEDP within 24 hours of the date and time the application is completed, signed, and dated.

~~b.~~ (2) The producer and the applicant certify under penalty of perjury on the application the date and time that the application forms were completed, signed, and dated.

~~c.~~ (3) The producer uses ~~the Electronic Effective Date Procedure~~ EEDP set forth in Section 28. C. 2 and inserts the EEDP reference number ~~or other required verification code~~ and both the date and time provided by the system in the Proposed Effective Date and Time of Coverage section on the application.

~~d.~~ (4) The application forms, required documentation, and required deposit are mailed to the Manager no later than two working days following the date the application forms are completed, signed, and dated. The mailing date is established by the United States Postal Service postmark on the envelope enclosing the application. If the application and deposit are not mailed to the Plan Office in accordance with this subsection, coverage shall be effective at 12:01 a.m. on the day following receipt of the application and deposit by the Plan Office.

- c. Future Effective Date

The Plan shall establish a future effective date option using EEDP. The future effective date option shall be available upon request by an applicant, provided all of the following requirements are met:

- (1) The requested effective date of coverage shall not exceed 15 days from the date of completion of the application.
- (2) The producer and applicant certify under penalty of perjury on the application the date and time that the application forms were completed, signed, and dated.
- (3) The producer uses EEDP set forth in Section 28.C.2. and inserts the EEDP reference number and both the date and time provided by the system in the Proposed Effective Date and Time section of the application.
- (4) The application forms, required documentation, and required deposit are mailed to the Manager no later than two working days following the date the application forms are completed, signed, and dated. The mailing date is established by the United States Postal Service postmark on the envelope enclosing the application. If the application and deposit are not mailed to the Plan Office in accordance with this subsection, coverage shall be effective at the future effective date or at 12:01 a.m. on the day following receipt of the application and deposit by the Plan Office, whichever is later.

d. Retraction Procedure

Following assignment of an EEDP reference number and prior to the mailing of a completed signed application to the Plan, the producer shall be authorized to rescind coverage bound pursuant to EEDP if

- (1) the producer discovers a material error in an application;
- (2) the applicant has notified the producer of record that coverage through the Plan is no longer required; or
- (3) the producer of record has, in error, requested more than one EEDP reference number for the same application.

The producer of record shall retract or void an unwanted EEDP reference number by completing an Electronic Effective Date Retraction Request Form within 24 hours of when the producer first makes the EEDP telephone call. The producer must forward the completed Electronic Effective Date Retraction Request Form to the Plan within the next four days. Failure to mail the retraction form in accordance with this subsection will result in assessment of a violation against the producer if the producer has failed to return such forms at least three times in six months, consistent with Title 10, CCR Section 2431.2.

3. Electronic Application Submission Interface (EASi)

- a. Producers who are certified by the Plan shall have the option to use EASi to establish the effective date of coverage if the applicant requires that the

coverage applied for become effective at the time of application. Coverage will be effective only when the electronic application is transmitted under the procedures established by the Plan.

The Manager shall establish and maintain a toll free number for producer technical support as part of EASi. The Manager shall maintain sufficient capacity to provide system access and transmittal, in a timely manner, of completed online applications by means of EASi.

EASi shall be available only to producers who are certified by the Plan.

The producer who completes, signs, and dates the application using EASi may not transmit the application until the deposit has been received and the application for coverage has been completed.

b. Immediate Coverage

Coverage shall be effective at the date and time of transmission of the electronic application provided all of the following requirements are met:

- (1) The producer and applicant certify on the application, under penalty of perjury, the date and time that the application was completed, signed, and dated.
- (2) The producer uses EASi, set forth in Section 28.C.3.
- (3) The paper application form generated by EASi, required documentation, and required deposit are mailed to the Manager no later than two working days following the date the application is completed, signed, and dated. The mailing date is established by the United States Postal Service postmark on the envelope enclosing the application. If the paper application, required documentation, and deposit are not mailed to the Plan Office in accordance with this subsection, coverage shall be effective at 12:01 a.m. on the day following receipt of the paper application and deposit by the Plan Office.

c. Future Effective Date of Coverage

In the event a future effective date of coverage is requested by the producer of record, coverage shall become effective as of 12:01 a.m. on the future date requested, provided all of the following requirements are met:

- (1) The requested effective date of coverage shall not exceed 15 days from the date of completion of the application.



- (2) The producer and applicant certify on the application, under penalty of perjury, the date and time that the application forms were completed, signed, and dated.
- (3) The producer uses EASi, set forth in Section 28.C.3.
- (4) The paper application form generated by EASi, required documentation, and required deposit are mailed to the Manager no later than two working days following the date the application forms are completed, signed, and dated. The mailing date is established by the United States Postal Service postmark on the envelope enclosing the application. If the paper application, required documentation, and deposit are not mailed to the Plan Office in accordance with this subsection, coverage shall be effective at the future effective date or at 12:01 a.m. on the day following receipt of the application and deposit by the Plan Office, whichever is later.

d. Retraction Procedure

Following assignment of an EASi reference number and prior to the mailing of a completed signed application to the Plan, the producer shall be authorized to rescind coverage bound pursuant to EASi if

- (1) the producer discovers a material error in an application;
- (2) the applicant has notified the producer of record that coverage through the Plan is no longer required; or
- (3) the producer of record has, in error, requested more than one EASi reference number for the same application.

The producer of record shall retract or void an unwanted EASi reference number by completing an Electronic Effective Date Retraction Request Form within 24 hours of the date and time of transmittal of the electronic application to the Plan Office. The producer must forward the completed Electronic Effective Date Retraction Request Form to the Plan within the next four days. Failure to mail the retraction form in accordance with this subsection will result in assessment of a violation against the producer if the producer has failed to return such forms at least three times in six months, consistent with Title 10, CCR Section 2431.2.

4. If the application is made without using ~~the Electronic Effective Date Procedure EEDP or EASi~~ (including submission by mail or delivery by means other than the United States Postal Service), or if there is not compliance with the provisions of Section 28.C.3 2.(b) or Section 28.C.3 (b), coverage shall be effective as of 12:01 A.M. on the date following receipt of the application in the Plan Office unless a future effective date is requested or an in-force policy is terminating.

5. If the applicant desires coverage on a date later than that which would otherwise be fixed pursuant to this Section, the applicant shall indicate that date and the Manager shall fix the effective date of coverage as of 12:01 A.M. on the desired date of coverage. However, no date shall be later than 45 days after the date of application.
6. In the event there is in force a policy terminating at a date later than the date that would be fixed pursuant to ~~this~~ Sections 28 C.2 through 4 and the applicant indicates such date in his application, the Manager shall fix the date when coverage becomes effective as 12:01 A.M. on the stated termination date of such policy.
7. The effective date of coverage for a replacement vehicle or driver to be added to an in-force policy shall not be subject to the requirements of ~~this~~ Sections 28.C.2 through 4, but shall be governed by the terms of the policy and the provisions of Section 29.
8. In order to provide evidence of a requested effective date, the producer of record shall maintain records in accordance with Section 20.C for all risks for which he or she has designated the time and date of coverage.
9. Where ~~the Plan's Electronic Effective Date Procedure~~ EEDP and EASi ~~is~~ is are disrupted due to failure of transmission or receiving equipment due to fire, earthquake, explosion, civil unrest, or similar disaster or emergency, or other circumstances beyond the producer's control, the producer may bind coverage up to one day prior to the time the application forms and deposit are mailed to the Manager, as established by the United States Postal Service postmark on the envelope in which the application was enclosed. In no event shall coverage be effective prior to the date and time the application is completed, signed, and dated.
- ~~10. Notwithstanding any other provisions of this Section, where the producer discovers a material error in an application, the producer shall be authorized to rescind coverage bound for a period up to 24 hours after the date and time established pursuant to the Plan's Electronic Effective Date Procedure.~~

*Amend Section 29 as follows:*

## **Section 29. POLICY CHANGE REQUESTS**

[Paragraphs A through G remain unchanged.]

*Amend paragraph H as follows:*

- H. If the provisions of subsections 29 G.2 and 3 above are not met, the effective date of coverage shall be determined as follows:
  1. The coverage shall be made effective at 12:01 A.M. on the day following the date the policy change request is mailed to the insurer as shown by the postmark if the transmittal envelope bears a legible postmark affixed by the United States Postal Service.
  2. If the transmittal envelope was mailed and does not bear a legible postmark of the United States Postal Service, or is stamped by a postage metering device, or any other computer

generated electronic stamp, coverage shall be effective at 12:01 A.M. on the date the policy change request is received by the insurer.

3. If the policy change request is delivered to the insurer by means other than the United States Postal Service, coverage shall be made effective at 12:01 A.M. on the day following receipt by the insurer.

[The remainder of this section remains unchanged.]